

REFERENCE TITLE: **franchise agreements; right to renew**

State of Arizona
House of Representatives
Forty-ninth Legislature
First Regular Session
2009

HB 2582

Introduced by
Representatives Konopnicki: Jones, Pancrazi

AN ACT

AMENDING TITLE 44, CHAPTER 10, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 11; RELATING TO FRANCHISES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Title 44, chapter 10, Arizona Revised Statutes, is amended
3 by adding article 11, to read:

4 ARTICLE 11. FRANCHISES

5 44-1581. Franchise agreements: right to renew; terms and
6 conditions: notice

7 A FRANCHISE AGREEMENT ENTERED INTO IN THIS STATE SHALL CONTAIN
8 PROVISIONS ALLOWING THE FRANCHISEE OF A SINGLE FRANCHISE LOCATION OR MULTIPLE
9 FRANCHISE LOCATIONS TO RENEW ITS RIGHT TO OPERATE AS A FRANCHISEE OF THE
10 FRANCHISOR FOR THREE SUCCESSIVE FIVE YEAR TERMS IF THE FRANCHISEE WAS NOT
11 FOUND TO BE IN MATERIAL BREACH OF THE FRANCHISE AGREEMENT THROUGHOUT THE
12 PREVIOUS TERM. THE FRANCHISE AGREEMENT ENTERED INTO IN THIS STATE SHALL
13 CONTAIN SEPARATE PROVISIONS FOR RENEWAL FOR EACH FRANCHISE OPERATING
14 LOCATION. THE RENEWAL PROVISIONS SHALL CONTAIN THE SAME TERMS AND CONDITIONS
15 THAT THE FRANCHISOR IS CUSTOMARILY GRANTING TO NEW FRANCHISES OR FRANCHISE
16 OPERATING LOCATIONS. IF THE FRANCHISOR IS NOT GRANTING ANY NEW FRANCHISES OR
17 FRANCHISE OPERATING LOCATIONS, THE TERMS AND CONDITIONS SHALL BE THE SAME AS
18 THOSE THAT THE FRANCHISOR IS CUSTOMARILY GRANTING TO RENEWAL FRANCHISES OR
19 FRANCHISE OPERATING LOCATIONS. A FRANCHISEE IS NOT REQUIRED TO PAY A RENEWAL
20 FEE WHEN RENEWING THE FRANCHISE AGREEMENT PURSUANT TO THIS SECTION. THE
21 FRANCHISEE MUST GIVE THE FRANCHISOR WRITTEN NOTICE OF ITS INTENT TO RENEW ITS
22 RIGHT TO OPERATE A FRANCHISE LOCATION NOT MORE THAN ONE HUNDRED EIGHTY
23 CALENDAR DAYS AND NOT LESS THAN NINETY CALENDAR DAYS BEFORE THE EXPIRATION OF
24 THE PRECEDING TERM.